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SUBJECT: MEDIA REACTION: IRAN, NORTH KOREA, And U.S. POLICY

Editorial Quotes

11. IRAN

"Obama is conflicted concerning Iran"

The official Communist Party international news publication Global Times (Huanqiu Shibao)(06/23): "Obama maintains restraint when stating his opinion concerning Iran. This restraint reflects that the Obama administration has a far different political strategy than the Bush administration. After Iran's election results were produced, the U.S., to a great extent, has experienced a dilemma. First of all, the U.S. cannot pick a side. Knowing that commenting on the election in Iran would not be good; the U.S. can't help but express both surprise and disappointment. The U.S. is also conflicted concerning its expectations and the reality. It was disappointed by the election results; must be prepared to deal with the Iranians in the future. What's more, how will the U.S. deal with the future Iran? Some American political personnel pressured Obama to oppose Ahmadinejad's reelection. The Obama administration has been persuading Israel not to take extreme measures concerning Iran."

12. NORTH KOREA

a. "It is possible for the U.S. to have good relations with North Korea"

The official Communist Party international news publication Global Times (Huanqiu Shibao)(06/23): "Obama's recent diplomatic measures reveal that the U.S. is utilizing a Nixon-style strategic shrinking policy in North Eastern Asia. However, Nixonism is not only a strong shrinkage policy but also a soft offending policy. Historically, by beating the Soviet Union, the U.S. saved itself. For China, this is a danger and an opportunity. At present North Korea has made subtle changes to its 'game' in Northeast Asia. The following will depend on the wit of all involved parties. It is not impossible that the U.S. could establish good relations with North Korea. Didn't Nixon establish good relations with China without giving up Taiwan? Therefore it is quite possible that the U.S. may establish good relations with North Korea and maintain alliance with South Korea at the same time. If that happens, China will experience what the former Soviet Union's felt in 1972. Like Deng Xiaoping said in 1989 'I thought the Cold War had ended, however I have been disappointed. Two other Cold Wars have started: one for the third world countries, the other for socialism."

b. "North Korea says that their supposed statement threatening the U.S. is ridiculous"

The official Communist Party international news publication Global Times (Huanqiu Shibao)(06/23): "It has been said that a North Korean missile is targeting Hawaii. The U.S. congressman McCain told China that UN sanctions were not enough. The most important is for China to step-in, adding pressure to North Korea.' South Korean media

reported that the U.S. is making efforts to persuade China to actively participate in the UN Security Council's sanction on North Korea. The U.S. believes either a 'brick or a carrot' by China will be crucial to success. North Korean media said the allegation that North Korea is threatening the U.S. is ridiculous."

13. U.S. POLICY

"The U.S. will bring forward a global standard for financial regulation; China should selectively learn the bimodal model"

Guangdong 21st Century Publishing Company Ltd.'s business newspaper 21st Century Business Herald (21Shiji Jingji Baodao)(06/23): "Mr. Liu Shengjun, deputy director of CEIBS Lujiazui International Finance Research Institute, said the regulation reform program is not as bold as people expected. The reason for this is that when Obama submitted this plan to Congress for discussion he had to make some compromises. There are three defects to Obama's reform plan. Firstly, there are so many regulatory agencies that need to be eradicated. Secondly, if the power of the Consumer Financial Protection Agency is too big, it will affect financial innovation. Last but not least, the regulation system lacks an incentive mechanism. Since the market is continuously changing, regulation agencies must advance with time and keep increasing their regulatory capabilities. Based on this plan, the position of the U.S. Federal Reserve has been unprecedentedly expanded. Mr. Sun Lijian, deputy director of School of Economics, Fudan University, pointed out that although currently the regulation system appears very strict, it won't last. Changes in the U.S. economic circle will cause the changes of the regulation circle. Recession brings high regulations. However, when the economy is once again prosperous, relaxed regulation will encourage financial innovation. If the

BEIJING 00001704 002 OF 002

U.S. requests that the whole world adopt the same regulation model, it will be adverse for China. Other countries won't accept this high-standard regulation model, either. The Europeans welcome the raised U.S. regulation standard, but if the U.S. requests that Europe copy this high-standard regulation model, Europe won't be happy with that."

PICCUTA